

Minutes of Audit Committee Regular Meeting of March 14, 2016

One Twin Pines Lane

REGULAR MEETING, City Hall, Suite 360

CALL TO ORDER 11:01 A.M.

ROLL CALL

COMMITTEE MEMBERS PRESENT: Violet, Hurt

COMMITTEE MEMBERS ABSENT: Stone

STAFF PRESENT: Finance Director Fil, Controller Leung, City Manager Scoles, Management Analyst Voelker

OTHERS PRESENT: Mark Wong, Principal, Maze & Associates (Invited); Members of the Public

ORAL COMMUNICATION/PUBLIC COMMENTS

Perry Kennan, Belmont resident, spoke on the City's Benefit Stabilization Fund as it compares to other cities. He requested that the auditors respond as to why the City is still booking this as a liability.

CONSENT CALENDAR

ACTION: Moved by Committee Member Hurt, seconded by Chair Violet, the October 5th minutes were noted and filed.

OTHER BUSINESS

FY 16 Audit Plan

Director Fil first introduced Controller Leung and gave a brief background on his experience; he then explained to the Committee that Maze has begun their interim audit work, the results of which will be presented in the Fall.

Mr. Wong from Maze & Associates, the City's independent audit firm, presented on the FY 2016 Audit Plan. He reviewed audit planning and fraud considerations with the Committee, noting that his audit team will test internal controls, as well as perform a risk assessment, considering the several recent staffing changes in the Finance department. He briefly went over the areas of review and compliance that are planned for the FY 2016 audit, including financial statement preparation and cash investments.

In response to a question from Committee Member Hurt, Mr. Wong clarified the interim audit process. He then went on to discuss due diligence and the consideration of fraud. Mr. Wong fielded a few questions from the Committee with regards to the audit plan.

Director Fil provided a brief status update on Finance Department operations, including staffing changes the move towards more electronic processing, the objective of which is to allow staff more time to review and analyze results. Chair Violet also expressed thanks to the Department for these successes, as well as accelerating the issuance of Treasurer's Reports to one month in arrears.

Annual Audit Committee Reorganization

Chair Violet appointed Committee Member Hurt as the Vice-Chair.

FY 2017 Budget Update

Director Fil noted that staff completed the Mid-Year Review in February and that the FY17 Budget process is currently underway with departments. He stated that the Committee will take a deeper dive into the budget and provide feedback for Council's consideration at their next meeting in June. Discussion ensued on transportation funding, which is currently in a statewide crisis and the likely focus on street funding in the FY17 budget.

Perry Kennan, Belmont resident, opined that the City should show what is actually being spent on streets, the amount of Gas Tax received, and what it's being spent on.

Tim Strinden, Belmont resident, stated that the City should focus on the most critical part of unfunded infrastructure and questioned how much the City would lose due to excise tax changes.

COMMITTEE UPDATES AND STAFF ITEMS

Meeting Calendar

The Committee confirmed that the next scheduled meeting will be on June 3rd, as the Committee will review the FY17 Budget.

ADJOURNMENT 12:05 p.m.

**Thomas Fil
Finance Director**